

**REMARKS**

Claims 7-13, 24, 31 and 32 remain pending in the application. Claims 9 and 10 are amended in an editorial manner.

Claim 10 is also amended to clarify that the steganographic encoding varies values representing at least some data from each of the plurality of areas. The use of the term "steganographic" in claim 10 implies that these variations are slight or subtle, so as to hide the encoding. Support for the newly added features can be found throughout the application as filed, e.g., including paragraph [0013].

For example, the variations can be in the form of varied or modified orthogonal or transform domain values or coefficients (e.g., DCT, Fourier, quantization values, wavelet, etc.), varied or modified compression values, varied or modified sample values, varied or modified pixel values, varied or modified luminance, color or chrominance values, etc., etc. In fact, the newly added terminology is intended to broadly cover a wide range of digital watermarking techniques. (In this application, and for claim 10, we could have alternatively used the phrase "digital watermark" or the like to categorize the steganographic encoding.)

We are supplying replacement drawing sheets for Figs. 1-3, without conceding the merits of the objection. We respectfully submit that the amendments to the original figures are not needed for the understanding of the invention or the drawings. Thus, no negative inferences should be drawn regarding our entitlement to the original filing date.

An information disclosure statement is filed concurrently herewith. Consideration of the information disclosed therein is respectfully requested.

The application is still believed to be in condition for allowance and another Notice of Allowance is requested.

In the meantime, the Examiner is invited to telephone the undersigned at 503-469-4685 with any questions.

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Customer No. 23735

Phone: 503-469-4685

FAX: 503-469-4777

Respectfully submitted,

DIGIMARC CORPORATION

By



Steven W. Stewart  
Registration No. 45,133